Ministry of Forests

Woodlot Licence Program

Annual Report

2001-2002

BRITISH COLUMBIA

Ministry of Forests

About the Woodlot Licence Program

What is a Woodlot Licence

A Woodlot Licence is a legal agreement between the Forest Service and the licence holder that grants exclusive rights to manage and harvest Crown timber within the woodlot licence area. Woodlot licences are awarded through an advertised, competitive application process. The most suitable applicant is determined by evaluating the following information:

- the applicant's education and personal experience relevant to managing a woodlot licence;
- the amount and quality of private forest land that the applicant is proposing to include in the woodlot licence; and
- commitments as to how the woodlot licence would be managed if the applicant is successful.

In exchange for the right to harvest timber on the Crown portion of the woodlot licence, the licence holder must agree to manage the private land contribution in accordance with provincial forestry legislation such as the *Forest Practices Code of B.C. Act* (the Code). The maximum amount of Crown land that can be included in a woodlot licence is 400 hectares on the coast and 600 hectares in the interior. Any amount of private land can be included in a woodlot licence area.

Woodlot Licence Program Objectives

The objectives for the Woodlot Licence Program are:

- to increase the amount of private forest land under sustained yield° management, and to improve the productivity of that land;
- to improve the productivity of small parcels of Crown forest land;
- to increase the opportunities for private citizens to participate directly in small-scale forest management operations;
- to promote local employment opportunities; and
- to promote excellence in forest resource management.

° *Throughout this document, an asterisk at the end of a phrase or word indicates that a definition can be found in the margin.*

° ***sustained yield****—a method of forest management that balances the net forest growth and amount of timber that is harvested from an area.*

History of the Woodlot Program in British Columbia

In 1948, the *Forest Act* was amended to allow farmers to obtain small areas of Crown forest to manage as farm woodlots. The small size of farm woodlots and the onerous administrative requirements resulted in a very low level of interest in the program. Following the Pearse Royal Commission, the *Forest Act* was amended in 1979 to create a new type of woodlot licence. These woodlot licences were to be larger in area than the old farm woodlots and unlike farm woodlots, which were only available to farmers, woodlot licences would be available to any Canadian resident at least 19 years old, First Nations Bands and small corporations controlled by Canadian residents.

Legal and Regulatory Environment

Before a woodlot licence agreement is signed, the successful applicant must prepare a management plan and receive approval of the plan from the district manager. The management plan contains inventory information about the timber and non-timber resources and recommends an allowable annual cut (AAC)° that is sustainable for the woodlot licence area. In proposing the AAC, the licence holder must provide information on the ability of the forest landbase to produce timber, limitations on timber harvesting to protect non-timber resources, and how the proposed forest management activities will affect the AAC.

Once the district manager has determined the AAC, the licence holder must closely balance the level of harvesting with the AAC during successive five-year periods. Prior to any harvesting or road construction, the holder of the woodlot licence must prepare and obtain approval of operational plans. These plans present maps and information outlining proposed harvesting and road construction, measures for protecting forest resources and the identification of reforestation requirements. Once the district manager has approved the operational plans, the licence holder can then apply for cutting authorities that authorize harvesting on Crown or private land within the woodlot licence area.

Stumpage° must be paid on all timber harvested from Crown land. All forest management activities on the woodlot licence must be carried out in accordance with the Code, the *Forest Act*, and their accompanying regulations.

° ***AAC*** *— rate of timber harvest permitted each year from a specified area of land, usually expressed as cubic metres of wood per year.*

° ***stumpage*** *— a fee paid to the government for harvested Crown timber*

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Progress During the 2001—2002 Fiscal Year

Program Expansion

Between 1996 and 2000, the Ministry of Forests significantly increased the number of woodlot licences and increased the AAC under the Woodlot Licence Program to over one million cubic metres. Currently the Ministry of Forests is operating under instructions to maintain the number of woodlot licences and only create additional woodlot licences to satisfy specific social and economic objectives. The following table shows the growth in the number of woodlot licences over the years.

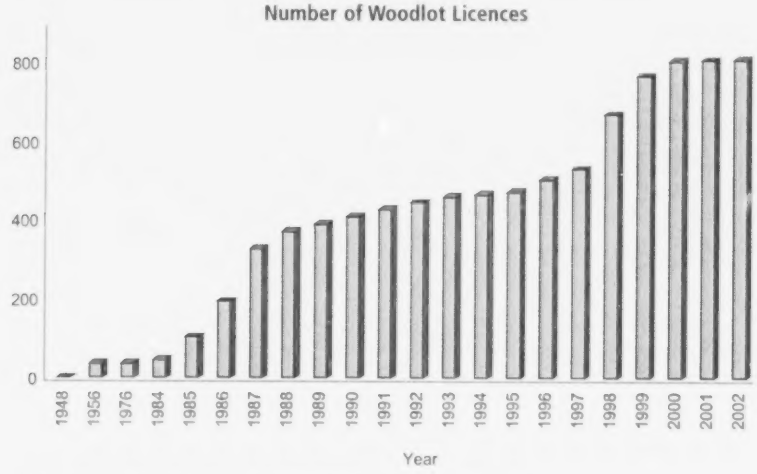

FIGURE 1. Number of Woodlot Licences by Year from 1948 to March 31, 2002.
(Note: Years from 1948 to 1984 are not proportionally distributed along the graph).

During the 2001—2002 fiscal year° the total number of issued woodlot licences increased from 808 to 811 licences. Figure 2 outlines the Crown and private land and associated AACs for the woodlot licence program as of March 31, 2002.

° ***fiscal year***—*a government fiscal year is from April 1 to March 31 of the following year.*

Program Summary, March 31, 2002

Region	Number of Woodlots	Private Land AAC (m^3/yr)	Crown Land AAC (m^3/yr)	Total AAC (m^3/yr)	Private Land Area (ha)	Crown Land Area (ha)	Total Area (ha)
Cariboo	149	16,453	237,373	253,826	19,745	85,823	105,568
Kamloops	146	23,184	173,231	196,415	24,934	72,858	97,792
Nelson	103	9,541	106,373	115,914	7,373	56,773	64,145
Pr. George	232	37,155	357,924	395,079	23,777	130,381	154,158
Pr. Rupert	106	11,552	133,761	145,313	10,982	57,444	68,426
Vancouver	75	23,053	133,114	156,167	5,245	25,077	30,332
2002 Totals	**811**	**120,938**	**1,141,776**	**1,262,714**	**92,056**	**428,356**	**520,411**
2001 Totals	808	116,703	1,040,324	1,157,027	92,562	426,676	518,837
2000 Totals	807	110,396	1,037,574	1,147,970	91,878	418,981	510,859

FIGURE 2. Woodlot Licence Program Summary Report as of March 31, 2002. Source: Ministry of Forests Forest Tenure Administration System.

Figure 2 outlines the woodlot licence AAC by region, and shows that approximately 1,263,000 cubic metres are available for harvest on an annual basis, an increase of 0.9 % from the previous year. This increase is due to the following factors:

- the AAC associated with the three new woodlot licences that were issued during the year;
- re-inventories and enhanced silviculture on existing woodlot licences that resulted in increases in AAC;
- temporary increases in AAC on some woodlot licences to facilitate harvesting of bark beetle infested stands°;
- increases in the Crown land area on some older woodlot licences to bring the Crown land area up to the maximum legal size (400 or 600 hectares).

During the 2001-2002 fiscal year the total amount of area in woodlot licences increased by 0.3 percent to 520,411 hectares. The private land contributions decreased from 92,562 hectares in 2001 to 92,056 hectares in 2002. This net decrease of 506 hectares of private land was a result of private land that was lost from the woodlot licences that were cancelled or surrendered.

Private land accounts for 17.7 percent of the total land included in woodlot licences. In comparison, private land accounts for only 5.6 percent of the total land within tree farm licences.

Harvesting and Stumpage

Woodlot licences generated approximately $15.0 million in stumpage during the 2001-2002 fiscal year. This is down slightly from the $15.2 million of woodlot licence stumpage that was billed during the 2000-2001 fiscal year. This reduction in total stumpage billed reflects a reduction in average stumpage due to lower lumber prices, despite an increase in harvest volume of 150,782 cubic metres. The volume harvested and stumpage billed for the Crown land within woodlot licences is provided in Figure 3.

° ***harvesting of bark beetle infested stands*** *— a treatment that salvages timber infested with bark beetle by cutting the trees before the value of the the stand is lost, and the insects spread to adjacent forests.*

Summary of Woodlot Licence - Volume and Stumpage, Fiscal 2001-2002

Region	Crown Harvest Volume Billed (cubic metres)	Stumpage Billed (dollars)	Average $/m³
Cariboo	415,999	$ 2,922,874	$ 7.03
Kamloops	216,062	2,836,398	13.13
Nelson	132,162	613,840	4.64
Prince George	374,577	6,338,111	16.92
Prince Rupert	165,191	1,460,597	8.84
Vancouver	100,171	826,555	8.25
2001-2002 Totals	**1,404,162**	**14,998,375**	**10.68**
2000-2001 Totals	**1,253,380**	**15,206,348**	**12.13**
1999-2000 Totals	**1,475,615**	**20,264,858**	**13.73**

FIGURE 3. Crown Harvest and Stumpage Summary for the Woodlot Licence Program — April 1, 2001 to March 31, 2002. Source: Ministry of Forests — Revenue Branch Billing History Report.

Program Costs

Administration and management of the Woodlot Licence Program falls within the responsibility of the Ministry of Forests. Support centres include various branch offices located in Victoria, 6 regional offices and 40 district offices. The branch offices are responsible for policy direction and administration on a provincial basis. Regional centres assist in the development of regional priorities, programs and procedures and are a resource for the districts. The district centres work directly with the woodlot licence holders and deliver the program objectives.

The accompanying map locates the six forest regions in the province.

FIGURE 4. Forest regions. Source: Resource Tenures and Engineering Branch mapping files.

During the 2001-2002 fiscal year, the estimated cost for the Forest Service to deliver the program provincially was $4.4 million. Program delivery costs were obtained from a survey of eight districts (at least one from each region), the six regional offices, and branch offices in Victoria. From the district survey results, a district average cost per woodlot licence was determined and applied to the total number of woodlot licences.

Estimated Provincial Costs (in thousands of dollars)

Location	Number of Woodlots	Salary	Office	Transport	Training & Support	Contract	Total Cost
Districts		3,261.2	316.2	119.7	18.1	1.2	3,716.4
Regions		307.9	22.5	4.1	5.3	0	339.8
Branch		245.7	20.8	19.2	7.0	17.0	309.7
Total	**811**	**3,814.8**	**359.5**	**143.0**	**30.4**	**18.2**	**4,365.9**

FIGURE 5. Summary results and estimates of program cost based on cost survey completed June 2002.

The final estimated cost of $4.4 million represents approximately 29.3% of the stumpage billed from woodlot licences. These costs are down slightly from the 2000-2001 fiscal year due to the fact that many of the new woodlot licences have approved plans and cutting authorities for their five-year cut control periods. The Forest Service cost to administer a woodlot licence is highest during the establishment of the new licence, the approval of the initial management plan and first forest development plan and the issuance of associated cutting authorities. Once the cost to establish a new woodlot licence and issue harvesting authorities has been incurred, the cost to administer the woodlot licence decreases significantly. Continuous improvement in streamlining operations also contributes to the cost reduction.

The following figure provides a comparison of the costs within the context of the total stumpage billed from woodlot licences for the 2001-2002 fiscal year. This figure shows that the woodlot licence program contributed $10.6 million of net revenue to the government.

Proportion of Stumpage Required to Deliver the Program, Fiscal 2001-2002

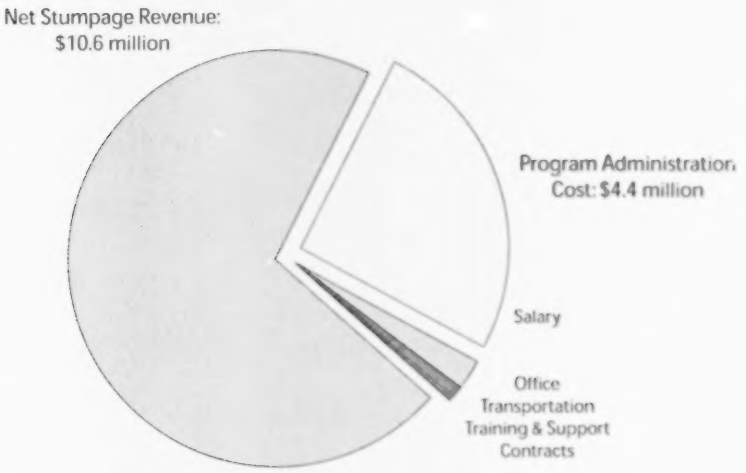

FIGURE 6. Total stumpage billed from woodlot licences compared to the amount of revenue required by the Ministry of Forests to administer the Woodlot Licence Program.

Harvesting and Silviculture Activities

Based on annual reports submitted by woodlot licensees[1], 4 156.2 hectares of harvesting was reported on woodlot licences for the year 2001. As illustrated in Figure 7, silvicultural systems other than clearcutting are often used on woodlot licences to encourage natural regeneration, maintain visual quality or conserve non-timber resource values. Clearcut and clearcut with reserves accounted for 2,174 hectares with the majority (67%) being clearcut with reserves. Systems other than clearcutting totalled 1,982.2 hectares with the majority (54%) being selection harvesting.

Summary of Harvesting Activities

Silviculture System	Area (ha)	Description
Clearcut	712	The removal of a stand of trees in a single harvesting operation.
Clearcut with reserves	1,462.0	A variation of clearcutting where some trees are retained, (usually in small groups), for purposes other than regeneration.
Seed tree	145.4	Harvesting where single trees, or small groups of trees, are left standing after the initial harvest to provide a source of seed for natural regeneration.
Shelterwood	508.9	The harvesting of a stand of trees in a series of cuts designed to achieve even-aged regeneration under the shelter of remaining trees.
Selection cut	1,069.3	Periodic harvesting that removes some of the mature trees, either as single scattered individuals or in small groups and creates a stand of trees of different sizes and ages.
Intermediate Cutting	134.2	The removal of trees from a stand before the final harvest where the majority of the stand volume is not removed.
Patch Cut	122.4	A silvicultural system which creates even-aged openings of <1 ha.
Undefined	2.0	Areas where a silvicultural system was not specified.
Total Harvesting	**4,156.2**	

FIGURE 7. Harvest information from woodlot licence annual reports for 2001 calendar year. (June 2002).

Based on annual reports submitted by woodlot licensees, Figure 8 identifies the silviculture activities that were reported for the 2001 calendar year. Over 3,230,600 tree seedlings were planted on woodlot licences during the year. There was a slight decrease in reported silviculture activities on woodlot licences in the year 2001, compared to 2000 (9,226.3 ha of activity in 2001 versus 9,352.5 in 2000).

[1] *Note: Eighty-six of the 811 woodlot licensees had not submitted their annual reports by the time these statistics were compiled.*

Summary of Silviculture Activities

Silviculture Activity	Area (ha)	Description
Site Preparation	739.1	The creation of a favourable environment for the establishment and initial survival of regeneration.
Planting	2 853.2	The establishment of trees by planting seedlings, transplants, or cuttings.
Regeneration Assessment	2 513.6	A field assessment that checks whether or not sufficient trees have been regenerated.
Free Growing Survey	1 255.4	A field survey that checks whether or not a free growing stand of trees has been established in accordance with the specifications in an operational plan.
Stand Tending	1 865.0	Activities such as thinning, spacing, brushing, pruning or fertilization.
Total Silviculture Activity	**9 226.3**	

FIGURE 8. Silviculture information from woodlot licence annual reports for the 2001 calendar year. (June 2002).

Ownership of Small Timber Processing Facilities

For 20 years, woodlot licence holders were not eligible to own timber processing facilities°. In June 1999, the *Forest Act* was amended to allow woodlot licensees to own small timber processing facilities providing the district manager is satisfied that good forest management is being practised on the woodlot licence area.

Approximately 40 woodlot licensees have been authorized to operate small timber processing facilities. The products produced include high value posts and beams, timbers, rough lumber for agricultural purposes, deciduous lumber for furniture and other material for value added manufacturing.

Auditor General's Report

In September 1999, the Auditor General of British Columbia released a report assessing the Woodlot Licence Program. The overall conclusion of the report was that the Ministry of Forests manages parts of the program reasonably well but needs to make improvements to ensure that the program's objectives are achieved.

The report made the following recommendations to improve the program:

- develop a clear policy on the transfers of woodlot licences;
- apply cut control° policy more consistently;
- continue to simplify and streamline woodlot licence administration;
- improve the application evaluation process for new woodlot licences;

° ***timber processing facility*** — *a facility that processes timber or wood residue or both.*

° ***cut-control*** — *a set of rules that describes the allowable variation in the periodic harvest rate, either above or below the AAC.*

- ensure that the application category weightings comply with policy;
- ensure the 30-day review process for applications is applied fairly;
- ensure that licence holders meet their forest management obligations;
- develop an evaluation framework to assess the program's performance;
- develop a long-term vision and strategic plan for the program;
- collect costs attributable to the delivery of the program; and
- develop an annual report of the program's performance to stakeholders and Legislative Assembly.

The ministry has either completed or is working diligently to achieve the recommendations of the Auditor General.

Policy on the Transfer of Woodlot Licences

To satisfy one of the Auditor General's recommendations the ministry has completed a policy on woodlot licence transfers after extensive consultation and discussion with stakeholders and Forest Service staff. The Minister of Forests approved the policy on October 2, 2001.

On January 22, 2002, the Minister delegated authority to provide consent for most woodlot licence transfers and dispositions of private land associated with woodlot licences to the regional managers. This delegation significantly streamlines this aspect of woodlot licence administration.

Streamlining of Administrative Requirements

Since the enactment of the Forest Practices Code in 1995, woodlot licence holders have struggled with the more onerous administrative requirements. During 1998 a significant streamlining process was undertaken by reducing management plan requirements under the *Forest Act* and introducing the Woodlot Licence Forest Management Regulation. This streamlining process has successfully reduced administrative requirements and is estimated to have saved licence holders up to $2.50 per cubic metre.

On February 22, 2002, additional amendments to the Woodlot Licence Forest Management Regulation were approved to expedite harvesting of bark beetle infested timber and timber damaged by wind. Amendments to the *Forest Practices Code Act of B.C.* were also passed in the legislature on May 8, 2002, to eliminate the requirement for stand management prescriptions and joint sign-off of forest development plans.

The ministry is also working with the Federation of BC Woodlot Associations on results-based Code legislation and an area-based AAC trial.

Conclusion

Certification

During the 2001-2002 fiscal year, one additional woodlot licence received Forest Stewardship Council certification and a second woodlot licence was certified under the American Forest and Paper Association's Sustainable Forests Initiative (SFI) and ISO 14001.

Additional woodlot licensees are investigating group certification while many are waiting for further developments.

During the fiscal year 2001-2002, the Forest Service continued to improve the legislation, policy and procedures that govern the administration of the woodlot licence program. The Auditor General also completed a follow-up investigation that acknowledged that the ministry has made significant progress on the recommendations contained in the 1999 report.

Despite the fact that the demand from log buyers for woodlot licence timber was low in most of the province, the Crown harvest volume in the 2001-2002 fiscal year was slightly more than the total AAC for the program.

Woodlot licences are providing publicly acceptable small-scale forest management in community interface areas where many members of the public do not want large industrial forestry. The demand for additional woodlot licences appears to be high as evidenced by a substantial number of enquiries at Forest Service district offices.

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